



FACTS

about
Connecticut
Women

Connecticut General Assembly

Permanent Commission on the Status of Women

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SUPPORT MICROENTERPRISES

H.B. 5493, An Act Establishing a Pilot Program for Microenterprises

- This bill would appropriate \$50,000 to the Department of Economic and Community Development to create a program to provide funding and other assistance to support the growth and development of microenterprises.
- In this bill microenterprises are defined as new or existing businesses with ten or fewer employees and annual gross revenues of less than \$500,000, including home-based and owner-operated businesses.

Microenterprises Contribute Significantly to Connecticut's Economy:

- There are approximately 277,000 microenterprise businesses statewide, with 28,000 starting in 2004.¹
- Microenterprises employ approximately 400,000 Connecticut residents, which is twice as many people as the top 25 employers in the state combined.²
- Microenterprises generate \$15.3 billion in sales annually and \$340 million in Connecticut state tax revenues annually.³

Small Business Definitions Do Not Adequately Represent Microenterprises:

- Currently, the definition of small business varies widely:
 - up to \$10 million in annual revenues (state set-aside procurement program)

¹ Microenterprise Resource Group (MERG). "Microenterprise FAQs, 2006," accessed 1/06 at www.mergct.org/microenterprise.htm.

² Ibid.

³ Ibid.

- a maximum of 25 employees and gross sales of no more than \$2 million (DECD revolving loan fund program)
 - up to 50 employees (other programs)
- No definition represents the sub-group of small business that comprises a great number of entrepreneurs- micro-business. Microenterprises often find themselves unable to compete in the “small business” market.
 - In a survey conducted by the National Association of Women Business Owners CT Chapter (NAWBO CT) and the PCSW’s Women’s Economic Development Initiative (WEDI), 98% of the 1,236 survey respondents felt that the definition of small businesses as having revenues of \$10 million or below was unrealistic. Their comments included the following:
 - *Real small businesses (\$1-2 million and under) can’t compete on an even playing field with companies in the \$10 million category.*
 - *My business is in the tens of thousands in a good year, yet I have a small business. I feel a small business is under \$2 million. If we grossed \$10 million I sure wouldn’t consider myself small.*
 - *My business grossed \$400,000 last year. I consider that to be small.*
 - *I am not a manufacturer, so my sales would not likely exceed \$10 million. If there were a separate “micro-business” category that offered additional benefits, that might be very useful.*
 - *Category of “small” business should be \$3 million or less. Delis, cleaners, variety stores, etc. are dwarfed by the \$10 million mark.*

Women Owned Businesses in Our State Are Growing:

- There are approximately 118,583 privately owned firms in which women own equal or majority share.⁴
- Between 1997 and 2004, the number of businesses owned by women, their employment level, and their sales increased significantly – a 64% increase in the number of businesses; a 94% increase in the number of persons employed by such businesses, and; a 76% increase in sales.⁵
- Women are climbing up the business ladder one step at a time. But, they often start out with a small sole-proprietorship -- a micro-enterprise. Of the total number of businesses certified to participate in the state set-aside program 39% were owned by women who reported that their prior year gross revenues were less than \$250,000.

⁴ Center for Women’s Business Research. *Women-Owned Businesses in Connecticut, 2004: A Fact Sheet.*

⁵ Ibid.